FISCAL NOTE

Bill #:	SB0457	**Title:**	30 days for agency liquor store to pay for liquor purchases from state
Primary Sponsor:	Cooney, M	**Status:**	As Introduced

Sponsor signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY 2004 Difference	FY 2005 Difference
Expenditures:		
General Fund	$0	$0
Revenue:		
General Fund	$261,000	$333,000
Net Impact on General Fund Balance:	$261,000	$330,000

- ☐ Significant Local Gov. Impact
- ☐ Included in the Executive Budget
- ☐ Dedicated Revenue Form Attached
- ☐ Technical Concerns
- ☒ Significant Long-Term Impacts
- ☐ Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

1. The Department of Revenue purchases liquor on behalf of agency liquor stores. The Department of Revenue pays its suppliers within 30 days. Under current law, agency liquor stores are allowed 60 days to pay the department. This bill would require agency liquor stores to pay the department within 30 days. This would reduce the department's liquor accounts receivables by half, and increase the net cash holdings of the liquor enterprise fund by the same amount. This would increase interest earnings going to the general fund.
2. Liquor sales are projected to be $67.260 million in FY 2004 and $69.791 million in FY 2005. Under current law, accounts receivable would average 1/6 of sales. Under this bill, accounts receivable would average 1/12 of sales. Net cash holdings of the liquor enterprise fund would increase by the difference, or 1/12 of sales. The increase in cash holdings would be $5.605 million in FY 2004 (1/12 x $67.260 million) and $5.816 million in FY 2005 (1/12 x $69.791 million).
3. The interest rate on short-term cash holdings is projected to be 4.6526 percent in FY 2004 and 5.7319 percent in FY 2005. Additional interest earnings going to the general fund would be $0.261 million in FY 2004 (4.6526% x $5.605 million) and $0.333 million in FY 2005 (5.7319% x $5.816 million).
4. This bill would not have significant administrative impacts on the Department of Revenue.

FISCAL IMPACT:

	FY 2004 Difference	FY 2005 Difference
Expenditures:		
General Fund (01)	$0	$0
Revenues:		
General Fund (01)	$261,000	$333,000
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):		
General Fund (01)	$261,000	$333,000

LONG-RANGE IMPACTS:

This bill would increase interest earnings on the liquor enterprise fund going to the general fund in future fiscal years by about $300,000. The amount of the increase in any fiscal year would depend on short-term interest rates in that year.